GENERAL

1. Possible Dutch delaying action -- US Representative Cochran suggests that the conditional Dutch agreement to participate in the impending Batavia discussions, together with the delay in assembling the Dutch delegation there, represents a deliberate delaying action. Cochran further suggests that the Dutch hope thereby to permit the situation in Indonesia to deteriorate to a degree that either the transfer of sovereignty to the Indonesians would appear unwarranted or the transfer would take place under such chaotic conditions that the new government would be unable to restore order and would be discredited. He indicates that the Dutch might then insist that Security Council policy had been in error from the start and request UN aid in putting down "a Communist war." Cochran believes that unless the Dutch cooperate fully at the Batavia meeting, a vigorous and condemnatory UNCFI report to the Security Council is inevitable.

C/A - 5

5-5

2. US against proposed Soviet-Iranian bargain--The Department of State has informed US Embassy Tehran that the US has made a negative response to a tentative British recommendation that Iran offer to withdraw its case against the USSR from the UN Security Council in return for a Soviet agreement to nullify Article 6 of the 1921 Soviet-Iranian Treaty (authorizing the USSR to send troops into Iran under certain circumstances). The Department informed the British of the US view that the Shah would be ill-advised to make such an offer and declared that retention of Iran's case on the Security Council agenda, in view of the recently increased Soviet pressure on Iran, is more desirable now than ever. The Department added that in seeking the nullification of Article 6 of the 1921 treaty, Iran would be bargaining to obtain a position already possessed under annexes to the 1921 Treaty and under the UN Charter.

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EUROPE

3. GERMANY: Clay asks OMGUS break with Czechoslovaks—According to US Political Adviser Riddleberger in Frankfurt, General Clay recommends that US military authorities in Germany break off all relations with Czechoslovaks until satisfaction has been received for the recent sentencing of US soldiers in Czechoslovakia. Clay indicates that such measures should include the expulsion of all Czechoslovak officials and the closing of the border to international transit traffic. Riddleberger expresses his view that Clay's proposal would mean a break of relations between the US Military Government in Germany and Czechoslovakia, not one between the US and the Czechoslovak governments.

CIA-5

4. GREECE: US aid program thought succeeding -- US Ambassador Grady, in recommending the continuance of US military aid to Greece, expresses the belief that the outlook for a successful conclusion of the campaign against the guerrillas is more favorable now than at any time since the inception of the US aid program. Grady feels that a solid basis for the reduction of the civil war to minor proportions has now been established through: (a) the vigorous leadership exercised by General Papagos since the "black" days of January; (b) the effectiveness of the new coalition government in furthering military and economic progress; and (c) the steady increase in popular morale which has taken place within the last three months. Grady stresses, however, that the present outlook is based on the assumption of continuing US aid. Grady comments that US failure to appropriate the funds required for continuation of the aid program would not only have a serious material effect but also, by damaging Greek morale, might well nullify the successes which have been achieved with such difficulty to date.

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